# DISASTER RECOVERY INITIATIVE
# U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
# CONSOLIDATED SECURITY, DISASTER ASSISTANCE, AND CONTINUING APPROPRIATIONS ACT, 2009
# H.R. 2638 / Public Law 110–329

**Louisiana Recovery Authority**
**Louisiana Office of Community Development**

# *PROPOSED* AMENDMENT No. 4 TO STATE OF LOUISIANA ACTION PLAN FOR THE UTILIZATION OF CDBG FUNDS IN RESPONSE TO HURRICANES GUSTAV AND IKE

**Public Comments**
**_____, 2010**

**Bobby Jindal**
**Governor**

**Mitch Landrieu**
**Lieutenant Governor**

**Angele Davis**
**Commissioner of Administration**

**David Voelker**
**Chairman, LRA Board**

# PROPOSED GUSTAV/IKE ACTION PLAN AMENDMENT 4
# PUBLIC COMMENT VERSION

**Amendment Number 4 to State of Louisiana Action Plan for Disaster Recovery – Utilizing Funding from the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (Public Law 110-329)**

- **AMENDMENT TO ALLOCATE GUSTAV/IKE REMAINING FUNDS TO ECONOMIC DEVELOPMENT INFRASTRUCTURE PROGRAMS AND STATE COST-SHARE RESERVES PROGRAM = $100,000,000**
- **RESUBMISSION OF INTEROPERABLE COMMUNICATIONS INFRASTRUCTURE PROGRAM REVISED = $17,099,040**
- **ADDITIONAL ALLOCATION TO AGRICULTURE PROGRAM = $5,000,000**
- **NON-SUBSTANTIAL CLARIFICATION ON AFFORDABLE RENTAL HOUSING PROGRAM**

The State of Louisiana was awarded an initial allocation of $438,223,344 in CDBG Disaster Recovery funding from the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 for the purposes of disaster relief, long-term recovery, and restoration of infrastructure, housing and economic revitalization directly related to the consequences of recent 2008 hurricanes Gustav and Ike. The State submitted its Disaster Recovery Action Plan to HUD for approval on January 8, 2009. The Action Plan submitted to HUD provided the framework for distribution of the initial $438,223,344 of funding under the Act.

HUD approved $309,791,652 of the Action Plan on March 19, 2009 and requested a clarifying Amendment be submitted for the remainder. The state submitted Action Plan Amendment Number One on May 18, 2009. HUD approved Action Plan Amendment Number One, which further details the distribution of funds and eligible program activities for affordable housing, fisheries, agriculture, coastal restoration, and administration, on July 24, 2009.

HUD issued notice of a second allocation for grant funds for CDBG disaster recovery of $620,467,205 to Louisiana, as published in the Federal Register on August 14 (FR-5336-N-01). This notice requires the State to submit an Amendment to Louisiana's initial Action Plan for Disaster Recovery to provide further details for the distribution of funds and the eligible program activities for second allocation.

Amendment Number Two requested approval for the entire second allocation, with a majority of funds being added to existing program areas and the remainder allocated to statewide 'unmet needs.' Amendment Number Three detailed the new programs areas to be funded with $112,099,040 of the funds to respond to statewide unmet needs and was approved on December 30, 2009 in the amount of $90,000,000. This Action Plan Amendment Number Four details how the state intends to dedicate the remaining $100,000,000 balance of 'unmet needs' funds, as well a revised interoperable communications program, removing $5,000,000 due to component ineligibility in the submission in Amendment Number 3, and reallocation of that portion of funds to an existing state-implemented program to confront unmet Agriculture recovery needs.

This Amendment may be obtained via the Internet at:

http://doa.louisiana.gov/cdbg/DRactionplans.htm, or by contacting: Paul Catrou, Office of Community Development, Post Office Box 94095, Baton Rouge, Louisiana, 70804-9095. The Proposed Action Plan Amendment will be published in Vietnamese and Spanish translations at the same website.

Written comments on the proposed Action Plan Amendment will be accepted for seven days from the date it is posted. Comments may be submitted beginning today and must be received no later than 5:00 PM (CST) on February4, 2010.

Comments may be sent to the attention of Paul Catrou at the above address or sent via facsimile to (225) 219-9605 to the attention of Paul Catrou. Comments may also be submitted via email at ocd@la.gov or through the online form at http://www.doa.louisiana.gov/cdbg/dractionplans.htm.

# PROPOSED GUSTAV/IKE ACTION PLAN AMENDMENT 4
# PUBLIC COMMENT VERSION

## I. INTRODUCTION

The Louisiana Recovery Authority (LRA) and the Office of Community Development's Disaster Recovery Unit (OCD-DRU) have developed the following Action Plan Amendment Number Four to confirm the intended distribution of funds and provide descriptions of the eligible program activities to be undertaken to assist the state and its local entities to confront unmet business, economic revitalization, public infrastructure and unmet disaster repair needs after the 2008 hurricanes.

Details of the distribution of funds, program delivery and eligible program activities are outlined below.

## II. DISTRIBUTION OF FUNDS

**A. National Objective:** All funds will be distributed in accordance with the three national objectives: benefit of low and moderate income persons, elimination or prevention of slums and blight, or urgent need.

### B. Allocations

**Table 1: Overall Allocations**

| Summary | Initial Allocation | Second Allocation | Total Allocation | Percent |
|---|---|---|---|---|
| Total Allocation to LA | $438,223,344 | $620,467,205 | $1,058,690,549 | 100.00% |
| Allocation to Parishes | $309,791,652 | $255,749,470 | $565,541,122 | 53.42% |
| HUD Required to Affordable Rental Housing | $46,520,525 | $72,062,147 | $118,582,672 | 11.20% |
| Fisheries | $15,000,000 | $12,383,297 | $27,383,297 | 2.59% |
| Agriculture: Farm & Agribusiness Programs<br>Agriculture: Unmet Needs Additional Funds | $30,000,000 | $24,766,594<br>$5,000,000 | $59,766,594 | 5.17% |
| Coastal Restoration | $15,000,000 | $12,383,297 | $27,383,297 | 2.59% |
| Municipal Infrastructure | $0 | $30,000,000 | $30,000,000 | 2.83% |
| Economic Revitalization | $0 | $40,000,000 | $40,000,000 | 3.78% |
| Fisheries Modernization | $0 | $5,000,000 | $5,000,000 | 0.47% |
| Pilot Comprehensive Resiliency | $0 | $10,000,000 | $10,000,000 | 0.94% |
| Nonprofit Homeowner Rehab | $0 | $5,000,000 | $5,000,000 | 0.47% |
| Disaster Recovery State Cost-Share Reserves | $0 | $20,000,000 | $20,000,000 | 1.89% |
| Economic Development Infrastructure | $0 | $80,000,000 | $80,000,000 | 7.56% |
| Interoperable Communications | $0 | $17,099,040 | $17,099,040 | 2.09% |
| Admin, Planning & Tech Assistance | $21,911,167 | $31,023,360 | $52,934,527 | 5.00% |

This Amendment Number Four is intended to provide details on the program areas designated above. The eligible program activities are detailed in Section V.

## III. CITIZEN PARTICIPATION

The state of Louisiana developed a specific citizen participation plan for disaster recovery. It is included with the original Action Plan for Gustav and Ike Disaster Recovery CDBG. The parameters of these citizen participation requirements both for the state and for the parishes and other entities implementing activities under this grant apply to this second allocation, and remain as detailed in the Gustav Ike Action Plan and approved Action Plan Amendment Number One.

## IV. MONITORING

The state will utilize an established monitoring process used for the regular CDBG program, with the modifications detailed in approved Action Plan Amendment Number One to specifically address the requirements of the CDBG Disaster Recovery Program and to ensure that all contracts funded under this disaster recovery allocation are carried out in accordance with federal and state laws, rules and regulations, and the requirements set out in the Federal Register notice.

## V. OVERVIEW OF ELIGIBLE PROGRAM ACTIVITIES FOR FUNDS IN APA Number 4

### A. Disaster Recovery State Cost-Share Reserves Program

| | |
|---|---|
| **Eligible Activity:** | **Section 105 (a) (1-26)** |
| **National Objective:** | **Benefit of low to moderate income, or elimination or prevention of slum and blight, or urgent need.** |
| **Activity Amount:** | **$20 million** |

The Department of Housing and Urban Development Appropriations Act of 2010 removed the restrictions on use of disaster recovery CDBG funds under Gustav and Ike as a matching requirement, share, or contribution of funds for Federal Emergency Management Agency (FEMA) Public Assistance (PA) or any other federal funding. FEMA PA funds along with HUD Disaster CDBG dollars are among the most utilized federal resources used by governmental entities for their recovery and rebuilding efforts following the storms. Currently, for hurricane Gustav FEMA requires a 10 percent match payment for all categories of work (A-G) which include not only repairing and rebuilding damaged facilities (C-G) but also the costs associated with immediate post storm emergency actions and debris removal (A&B). For hurricane Ike the FEMA currently only requires a 10 percent match payment for repairs and rebuilding of damaged facilities (C-G). The state recognizes the critical gap funding that disaster recovery CDBG funds can provide in order to ensure that critical public facilities are rebuilt and repaired and therefore establishes this fund for FEMA and other federal cost-share requirements needed throughout recovery. The state will ensure that disaster CDBG funds are not used to duplicate or replace projects eligible for the American Recovery and Reinvestment Act Funds or FEMA Public Assistance.

#### i. Eligibility

Eligibility will be initially limited to state government entities. In special cases, non-governmental entities providing substantial public needs will be considered. In the event that funds from this program remain unexpended, non state public entities that are eligible for FEMA public assistance funds may be considered under this program. Each project submitted for this program must address an eligible activity, meet a national objective, and be directly related to recovery from hurricanes Gustav and/or Ike.

#### ii. Project Criteria

Projects must be submitted to OCD for consideration through the standard infrastructure application. The state shall select projects based on the following criteria:

- For requests for match of FEMA's PA program, projects must have been assigned a FEMA project worksheet number by the project officer;
- Projects must demonstrate that they are unable to secure the requested funds from other sources funds;
- Projects must be located in areas which have adopted the latest available base flood elevations of the FEMA Digital Flood Insurance Rate Maps unless exceptions are granted by the OCD-DRU based on reasonable alternatives where safety is not minimized;
- Project must demonstrate that it is the most efficient and cost effective way to rebuild the infrastructure, or that the applicant has considered alternate methods of rebuilding to achieve the

greatest efficiency of the infrastructure to serve the state, regional, and local needs of the community;
- Each project considers and/or proposes a mitigation plan to minimize damage in the event of future floods or hurricanes.

**iii. General Conditions**

The state supports the construction and repair of more resilient communities, employing more forward-thinking decisions in land use, individual mitigation measures, and disaster resistant buildings.

Eligible cost-share reserve project activities include, but are not limited to the following:
- Federal cost-share requirements;
- Drainage improvements, sewer, water;
- Repair to bridges and roads;
- Hardening utilities and structures;
- Repair, rebuild or elevate structures;
- Mitigation measures to address failures;
- Public facilities and improvements.

The program shall be administered by OCD-DRU in accordance with disaster recovery CDBG rules and regulations

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**B. Economic Development and Growth Infrastructure Program**

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|---|---|
| **Eligible Activity:** | **Section 105 (a) 1-26** |
| **National Objective:** | **Low to Moderate Income Benefit, Elimination of Slum and Blight, or Urgent Need** |
| **Activity Amount:** | **$80 million** |

The State of Louisiana was awarded CDBG Disaster Recovery funds for economic revitalization directly related to the consequences of recent 2008 hurricanes Gustav and Ike. In order to meet the special provision for economic revitalization in the law, the state has established the following program.

The program aims to address the economic development and infrastructure needs of the state as it recovers from the effects of hurricanes Gustav and Ike, being cognizant that this state has been hit by four major hurricanes over the preceding four years. This program will focus on major economic development initiatives primarily aimed at establishing industries and a workforce that are appropriate for the unique geographic, climatic, population, and growth conditions of the state. The state has launched multiple programs aimed at assisting individuals in specific areas of housing, infrastructure and community economic development. The root cause of many of the difficulties we have seen for individuals has been the decline in living wage jobs. The growing number and accessibility of living wage jobs is the essential element necessary to allow Louisiana residents to maintain flood and homeowners insurance, prepare for and succeed through temporary hurricane interruptions, and repair their homes and businesses. This economic development infrastructure program is designed to have a large impact by providing jobs, infrastructure, and workforce development to hurricane damaged regions.

The program will focus on large economic development loans and grants for projects that:

- Support high growth sectors;
- Maximize new and existing business and jobs;
- Provide infrastructure needs to industries and businesses;
- Spur long-term job creation, economic revitalization and long-term sustainability;

- Employ disaster recovery resources to leverage private resources.

**i. Eligibility**

Businesses, nonprofits, educational institutions and public entities damaged by hurricanes Gustav and Ike, or those willing to remain in and contribute to the economic recovery and revitalization of communities affected by the events, are eligible to apply for grants, low cost and/or forgivable loans.

**ii. Project Criteria**

Preference will be given to projects that create jobs, increase wages, and/or achieve industry diversification. Selections will be based on CDBG eligibility, impact to the state's recovering economy, business or project readiness, availability of other sources of funds, and ability to implement the project in a timely manner. Recipients will be required to provide a plan detailing an acceptable use of funds, including demonstration of how the grant/loan would be used. Projects will be selected based upon review and recommendation from the Louisiana Department of Economic Development in the following three categories:

- Universities and Workforce Training
- Public Facilities and Infrastructure
- Performance-Based Business Incentives

**iii. General Conditions**

Grant and/or loan packages will be developed based on project needs and availability of funds. Selected projects may involve aspects of, but are limited to, the following eligible activities:

- Workforce training;
- Assistance for business planning, studies, and implementation strategies to more rationally and effectively meet the goals of the business or organization;
- Drainage improvements, sewer, water;
- Public facilities and infrastructure improvements;
- Acquisition, construction, rehabilitation, reconstruction, installation of commercial/industrial buildings;
- Acquisition of equipment, inventory and other hard assets;
- Working capital.

The program will be administered by the Louisiana Office of Community Development in accordance with disaster recovery CDBG rules and regulations.

**C. Interoperable Communications Infrastructure**

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|---|---|
| **Eligible Activity:** | **Section 105 (a) (2) (8)** |
| **National Objective:** | **Urgent need** |
| **Activity Amount:** | **$ 17,099,040** |

The state is submitting a revised request to address a priority recovery and revitalization need in the parishes impacted by Gustav and Ike in relation to interoperable communications infrastructure. The damage caused to communications systems as a direct result of the storms, as well as the inadequacy experienced with the existing systems that could have mitigated impact to infrastructure and people are pressing needs across the state. Hurricane Gustav took a path up the center of the state, impacting parishes customarily not viewed as the highest risk exposing the pressing need to include parishes statewide. Hurricane Ike caused severe damage to the coastal parishes and in southwestern Louisiana.

The state has removed the request for handheld units, reducing the originally requested allocation by $5 million, due to eligibility concerns. The revised program is focused on system components directly impacted by the storms and the need for technology improvements and system redundancy.

Over the last several years, the state has invested significant resources in building a state of the art compliant digital radio system referred to as the Louisiana Wireless Information Network (LWIN). The build out of LWIN began in 2006. Once Gustav and Ike made landfall in 2008, it significantly degraded the performance of LWIN as multiple sites were impacted as a direct result of the storms. While there was not damage to all individual sites, the overall operational performance of the system was degraded. There were two primary factors that degraded the performance of LWIN during these storms: sites that had busies and sites that were no longer connected to the network.

During hurricane's Gustav and Ike, 35 of the 53 sites operating experienced consistent busy signals. When a site experiences a busy signal, it indicates that a first responder was not able to immediately access LWIN when he/she pushed their push to talk button on their radio. This is a result of there not being enough radio channels available at the particular site. This is typically referred to as a lack of capacity at a particular site, and considered a failure of function of the system operation.

The second area that significantly degraded the performance of LWIN was a loss of T-1 lines (land telephone lines) which are easily damaged by water, wind, and falling trees. These lines are used to connect each individual site to the LWIN network. Each time a T-1 line goes down for a particular site, that site is no longer able to communicate with the rest of the state. If a site loses its T-1 line, that site is restricted to operating as an individual site (referred to as Site-Area Trunking) and a person can no longer talk to anyone outside the coverage area of the local tower. This significantly degrades the capability of the first responders to request resources, ask for assistance, and provide situational awareness back to those agencies that are in need of the information. During hurricane's Gustav and Ike, there were a significant amount of sites that went into Site-Area Trunking due to damaged T-1 lines or went offline all together. Out of the 53 sites that were operational during hurricane's Gustav and Ike, 34 of them were degraded as a result of loss T-1 lines.

Improving the overall damaged system through microwave technology connection between towers will remedy this situation and prevent a reduction in operational capacity in the future. The Statewide Interoperable Executive Committee (SIEC) is proposing adding Microwave connectivity between towers. Microwave connectivity is the industry standard for radio systems and provides a much higher grade of service than the T-1 lines currently utilized to connect the towers on LWIN. The funding will allow a structural analysis on all LWIN sites to determine the structural capacity of the existing towers and if deployment of the microwave hardware is necessary to initiate this connectivity.

There are 2 main areas of need to be provided under this program

1) System capacity – additional repeaters/channel availability attached to existing towers.
2) Redundancy – microwave, T-1 lines.

The goal is to plan for greater capacity first and foremost, then allow for a greater number of backup satellite assets, a greater number of backup microwave assets, support systems and related equipment and facilities, and identified backup power.

The SIEC has recently completed a 64 parish assessment and has identified areas in which are currently experiencing busies and areas which are expected to experience busies based on the projected growth that has been provided to the SIEC from local governments. In addition, information was also gathered from actual usage as measured in the number of push to talks to identify sites that will need additional capacity. This information will determine the distribution of funds according to program objectives and priorities.

The budget for this system development involves the partnering of state funds as well as other federal funds, trying to fill gaps to ensure a complete workable system. The state annual budget funds the

system maintenance and operation. Funds from the Department of Homeland Security coupled with local funds contribute to enhance equipment. The state has also seen a significant decline in the amount of funding received through the State Homeland Security Program. In Fiscal Year 2004, at the height of the program, the State received $36 million. In the last round of funding the State only received $13 million. This funding, along with the other state sources are insufficient to cover the full needs, particularly the overall system capacity development required to operate an interoperable system with increased users/subscribers in the changed landscape of communities as a result of the storms. Once completed, LWIN will total 120 sites across the State of Louisiana and will provide 95 percent portable radio coverage throughout the entire state.

### D. Agriculture Recovery Grant and Loan Program Additional Funds for Unmet Needs

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|---|---|
| **Eligible Activity:** | **Section 105 (a) (17)** |
| **National Objective:** | **Urgent need and benefit to Low and Moderate Income** |
| **Activity Amount:** | **$ 5,000,000** |

The state intends to provide an additional $5 million to the existing Agriculture Farm Recovery Loan and Grant Program to further assist farms impacted by Gustav and Ike. Outreach for this highly requested and previously approved CDBG program was initiated in the spring of 2009 by Louisiana Department of Agriculture and Forestry (LADF) with funding of $35 million from the state's 1st and 2nd allocation, with an open application period running through the summer of 2009. By application close in the fall of 2009, over 1,100 farm enterprises had made grant and loan requests totaling over $100 million. While request for program funds came from across the state, demand was particularly high in north and central Louisiana, including the delta region which in addition to being severally impacted by Gustav's rainfall and low land flooding, is one of the state's primary agriculture regions and is nationally one of the most economically challenged areas in the country. With reviewed demand nearly three times higher than the available resources, to most equitably assist the maximum amount of farms, the LDAF decided to proportionally distribute funds to farms equally, based on each producers proven losses. As a result each eligible farm received approximately 36 percent of their eligible loan request. In late 2009, the LDAF staff closed over 1,000 loan packages to farms across the state.

The additional $5 million will be distributed similarly through this Farm Recovery Program in the form of a proportional and uniform supplemental grant with the same terms and conditions as the original loan/grant amount and agreements. Funds will only be available to producers who have previously applied for and been determined to be eligible for the program. By augmenting existing grant and loans, the state can quickly and efficiently get funds into farmers' hands that have a demonstrated need for CDBG eligible items while helping our rural regions recover from the storms more quickly and efficiently. Each producer must accept the award and have those funds added to his loan/grant request. The state will use multiple mailings and calls to ensure that producers are aware of the funds. Once notification letters are signed and returned and any additional proof of loss is submitted, checks for the supplemental grant may be issued to agricultural producers by LAFA under the Farm Recovery Program using existing systems and protocols. If an agricultural producer does not sign the letter or provide a timely return of the letter, then producer would not receive the supplemental grant.

The program will be implemented, managed and monitored in the same manner as the previously approved Farm Recovery Program and will continue to be a partnership with the Louisiana Department of Agriculture and Forestry working in coordination with the Office of Community Development (OCD) in addition to other federal funding streams. The LDAF staff after receiving notification that funds are available will ensure that these program funds remain in compliance with all OCD-DRU and HUD requirements and if there are unused funds will use them to further assist the State's farming communities.

## VI. NON-SUBSTANTIAL CLARIFICATIONS TO THE AFFORDABLE RENTAL HOUSING PROGRAM

According to the 2008 Disaster Supplemental Bill, ten percent of the state's overall allocation must be used on affordable rental housing programs. The state's Action Plan and ensuing Amendments provide detail that the state will develop affordable rental housing programs that will be facilitated at the state level and local level in order to reach this threshold. Parishes will be able to apply to the state programs as well as be able to use their allocation to create additional affordable rental housing stock.

The Louisiana Action Plan Amendment Number One describes details of the piggyback type of program as a primary option the state would choose to administer to achieve maximum affordable rental units. This Amendment Number Four is to add the intention of the state to clarify the state's intention to administer grants and loan funds in a competitive fashion to a broad range of public and private entities, in coordination with the impacted parishes, including non-governmental organizations and parishes themselves.

The second clarification is to allow the affordable rental funds to assist in the unmet recovery needs related to public housing. The following clarification/change is requested to Action Plan Amendment Number Ones under Affordable Rental Housing Program.

Under Financing Tools: A third bullet is to be added as noted below in addition the originally approved two bullets:

| | |
|---|---|
| ***(existing)*** | **Financing Tools**. To support these goals, OCD will make available the following type of financial assistance:<br>• **Gap Financing Loans.** Gap financing for mixed-income, additional affordability, and PSH developments.<br>• **Grants for Supportive Services for PSH Households** |
| ***(new)*** | • **Grants/Loans to foster affordable rental in Public Housing.** The program will include funds, at the direction of the executive director to promote the viability of public housing redevelopment projects in critical housing shortage areas. This can be to projects that have already been awarded funding under a prior piggyback competitive process, or priority development in the form of grant funding to eligible entities assuring there is no duplication of funds. |

There are no changes to eligible activities and national objective for the programs as stated in the approved Action Plan and program guidelines and eligibility will remain consistent with the Action Plan and ensuing amendments.